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EDAC D-147

May 5, 1958

ECONOMIC DEFENSE ADVISORY COMMITTEE

MEMORANDUM

To: Chairman, Economic Defense Advisory Committee
From: Chairman, Working Group I *4518*
Subject: Netherlands Copper Wire to Poland

A. THE PROBLEM

1. To consider the exceptions request lodged by the Netherlands in COCOM to ship 500 tons of 6.35 mm copper wire to Poland.

2. To determine a U.S. position on this request in the light of:

a. The U.S. position in the 1958 List Review that the embargo status of copper wire (6 mm and over - IL I Item 1650) should be maintained and expanded to cover all copper and copper-base alloy wire and cable.

b. The agreement reached in COCOM that with respect to Poland exceptions to the embargo are to be considered on a case-by-case basis, and can be authorized when it has been demonstrated that the item is necessary and will be for civilian consumption and use, providing the amounts requested are reasonable for such use, and the Polish government has assured the exporting government that the shipment will not be reexported or diverted to other Sino-Soviet bloc destinations.

B. RECOMMENDATION OF WG I CHAIRMAN AND APPEAL TO EDAC

The Chairman confirmed his prior recommendation that no objection be made to the Netherlands proposal to ship to Poland 500 tons of rolled electrolytic copper wire for use in the telephone industry and in the electrification of Polish villages. However, in view of the negotiating situation he further recommended that the USDEL be instructed (1) to underscore the importance attached by the U.S. to the maintenance of the embargo on copper wire, (2) to invite the attention of the PCs to the rejection by the U.S. of 3 applications to ship a total of 1500 tons of copper wire bars from the U.S. to Poland for the same end uses as in the Dutch application, and (3) to state that the U.S. views the proposed shipment with some concern but will not oppose it if it is the consensus of the other PCs that it constitutes a bona fide exception case under the Polish policy.

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C. BACKGROUND INFORMATION

1. The details of the Dutch proposal are contained in COCOM Doc. No. 3033 dated April 17, 1958 which is quoted below.

"The Netherlands authorities have received an application for the export to Poland of 500 tons of rolled electrolytic copper wire with a diameter of 6.35 mm. (It. 1650). This material will be used for further drawing at the Polish plant 'Krakowskie Zaklady wytworze materialow elektrotechnicznych' at Krakow-Plaszow. The end-use of this wire will be in the telephone industry and in the electrification of villages in Poland.

"Assurances have been given by the Polish authorities that this material will be destined for use in Poland and will not be reexported.

"In view of the civilian end-use of this material, the special position of Poland and the assurances given by the Polish authorities that the wire in question will not be reexported, the Netherlands authorities are prepared to grant the necessary export license.

"The Netherlands authorities would appreciate if Member Governments could express their views at the earliest opportunity."

2. In memorandum WG I D-1650.2 dated November 22, 1957, Poland's copper position in 1956-57 was described as follows by the CIA member of WG I:

"a. Poland produced about 17,000 metric tons of copper in 1956 and imported 24,000 tons. Nearly half of the imports, some 11,500 tons, were supplied by other Bloc countries. The remaining 12,500 tons came from the Free World, chiefly in the form of bare wire.

"b. In spite of extensive substitution of aluminum and steel for copper, the 41,000 tons of copper available to Poland during 1956 failed to meet requirements by some 9,000 tons, or nearly 20 percent.

"c. The copper situation in Poland is not believed to have improved during 1957. Indeed, the whole Sino-Soviet Bloc is expected to continue being deficient in copper and dependent upon the Free World for an important part of its supply."

3. In the OC Report of Recommendations No. 518 dated December 6, 1957 the following recommendation appears with regard to 3 pending applications to export a total of approximately 3 million pounds of electrolytic copper wire bars to Poland:

"With the concurrence of all members except the Commerce member (who reserved), the Chairman stated that he would recommend rejection of all three of the cases under consideration. In making this recommendation, however, the Chairman stated that he would advise the Assistant Secretary of Commerce that approval of the cases would appear to be appropriate within the established policy

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for licensing commodities to Poland. However, he would also state that his recommendation for rejection is based primarily upon the COCOM implications that would most likely result from approval of more than 1,500 short tons of copper wire bars to Poland. He stressed that the U.S. COCOM position for seeking embargo control for copper wire would undoubtedly be jeopardized if at the same time the U.S. sought COCOM approval for shipment of such large quantities of copper wire bars to Poland. Commerce member entered a reservation which was subsequently removed."

D. WG I DISCUSSION

There was no disagreement in the Working Group regarding the strategic importance of copper wire and the need to expand, if possible, the embargo under the current definition. The questions which the Working Group was unable to answer satisfactorily and to resolve unanimously were the following:

1. Whether the proposed export could be considered a bona fide case under the Polish policy for exception to the embargo of copper wire.
2. Whether approval of the case would jeopardize the U.S. position in the 1958 List Review that the embargo status of copper wire should be maintained and expanded to cover all copper and copper-base alloy wire and cable.

E. DEFENSE AND COMMERCE APPEALS

Separate memoranda or a joint memorandum will be submitted to the Chairman of EDAC by the Commerce and Defense members on their appeal.

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WG I

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